



INSIGHTS

108th Congress

February 19, 2003

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INSIGHTS is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of **INSIGHTS** is to provide FEMP management staff with timely information on legislative activities relevant to the program. **INSIGHTS** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

I. WEEKLY SUMMARY

CONGRESSIONAL SCHEDULE

House

No activities of interest have been scheduled.

Senate

No activities of interest have been scheduled.

FY 2003 APPROPRIATIONS

FY 2003 Omnibus Appropriations: Conference Report *H. R. 108-10* passed the House and Senate on February 13. The bill is being prepared for the President's signature; he is expected to sign the bill. Meanwhile, the House has introduced *H. J. Res. 23* to keep Federal programs covered under the omnibus bill operational until February 24. Provisions of interest include the following:

Department of Agriculture

Agriculture Buildings and Facilities and Rental Payments - \$197.662 million for the operation, maintenance, improvement, repair and related expenses

Agriculture Research Service - \$100.955 million for acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities

Forest Service - \$203.636 for Capital Improvement and Maintenance of Wildland Fire Management Facilities

Department of Commerce

National Institutes of Standards and Technology - \$64.460 million for construction and architectural and engineering design of new research facilities and renovation of existing facilities

National Oceanic and Atmospheric Administration – Unspecified funding for construction of capital assets

Department of Energy

Energy Efficiency - \$897.6 million (reduced from \$912.8 million in FY 2002)

- Federal Energy Management Program – \$23.880 million (\$19.425 million for Program Activities and \$4.455 million for Program Direction)
- Distributed Generation Systems for Fuel Cells - \$64.025 million (under the Fossil Energy account)
- Power Technologies - \$70.654 million
- Building Technology, State and Community Sector - \$59.763 million
- Energy Star - \$4.2 million
- Community Partnerships - \$18 million
- Cooperative Programs with States - \$3 million

- Energy Efficiency Science Initiative - \$5 million
- Industry Sector - \$138.359 million
- Transportation - \$248.064 million
- (Transportation) Fuels - \$ 31.4 million
- National Academy of Sciences Program Review - \$500,000
- Policy and Management 42.053 million

Renewable Energy - \$422 million (increased from FY 2002's level of \$396 million)

Energy Grants - \$270 million for the Low-Income Weatherization and State grant programs

Strategic Petroleum Reserve – \$2 million for acquisition of oil; legislation reauthorizes the program for five more years

Northeast Home Heating Oil Reserve – \$6 million for acquisition of oil; reauthorizes the program for five more years

Energy Information Administration - \$80.611 million

Department of Health and Human Services

Centers for Disease Control - \$268 million for construction

National Institutes of Health - \$632.8 million for construction

Food and Drug Administration - \$11 million for plans, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities

Low-Income Home Energy Assistance - \$1.7 billion

Department of the Interior

National Park Service

- \$1.6 billion for operations (includes funding for the National Park Service automated facility management software system and comprehensive facility condition assessments)
- \$325.143 million for construction

Fish and Wildlife Service - \$54.427 million (may include non-facility construction projects such as roads and bridges)

Smithsonian Institution - \$16 million for the construction of the National Museum of the American Indian

National Gallery of Art - \$26.230 million for the repair, restoration, and renovation of buildings

John F. Kennedy Center for the Performing Arts - \$17.6 million for construction

Department of Justice

Federal Bureau of Investigation - \$1.250 million for construction and purchase or sites or buildings

Immigration and Naturalization Service - \$42.4 million for planning, program support, environmental analysis and mitigation, real estate acquisition, design and construction

Federal Prison System - \$470.221 million for planning, acquisition of sites and construction of new facilities, purchase and acquisition of facilities and remodeling, and equipping of such facilities

Department of Labor

Job Corps Centers - \$27.550 million for construction

Department of State

Embassy Security, Construction, and Maintenance - \$523 million for preserving, maintaining, repairing, and planning for buildings, including renovating the Harry S. Truman building and carrying out the Diplomatic Security Construction program

International Boundary and Water Commission (U.S. and Mexico) - \$5.488 million for detailed plan preparation and construction of authorized projects

Department of Transportation

U.S. Coast Guard – Unspecified funding for the acquisition, construction, and improvements to Coast Guard shore facilities

Federal Aviation Administration – Unspecified funding for construction of test facilities and quarters for staff located at remote sites

Department of the Treasury

Treasury Building and Annex Repair and Restoration - \$30.932 million

Federal Law Enforcement Training Center - \$32.029 million for acquisition of additional real property and facilities and for ongoing maintenance, facility improvements and related expenses

U.S. Secret Service - \$3.519 million for construction, repair, alteration, and improvement of facilities

Department of Veterans' Administration

Major Construction Projects - \$144.790 million

Minor Construction Projects - \$210.7 million

Environmental Protection Agency

Buildings and Facilities - \$42.918 million for construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities

General Services Administration

Federal Buildings Fund

➤ New Construction - \$631.663 million

- Repairs and Alterations - \$997.839 million (includes \$8 million for the Energy Program)
- National Archives and Records Administration - \$14.208 million for repairs and restoration of archives facilities and for storage

CONFERENCE COMMITTEES/VOTES

See reference to FY 2003 Omnibus Appropriations.

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II. COMMITTEE ACTIVITY

HOUSE

Legislation

Comprehensive Energy Legislation Joe Barton (R/TX), Chair of the Subcommittee on Energy and Air Quality (Committee on Energy and Commerce) [reportedly plans to introduce a revised energy bill this week that will include a section on electric utility restructuring](#). The bill, which is also expected to include provisions on the President's hydrogen fuel cell initiative and ethanol fuel is scheduled for a mark up sometime in March; if a March mark up occurs, the chairs hopes to bring the bill to the House floor for consideration by mid-April.

Summary of Last Week's Hearings

FY 2004 Federal Research and Development Appropriations On February 13, the Committee on Science received testimony on the President's FY 2004 budget request of \$123 billion for Federal research and development (R&D) programs. Panelists included the Department of Energy's Under Secretary of Energy for Science and the Environment, Robert Card and the Department's Director of the Office of Science and Technology Policy, Dr. John H. Marburger III; the Deputy Secretary of Commerce, Samuel Bodman; and the Director of the National Science Foundation, Dr. Rita R. Colwell. The President's R&D request represents a 7 percent increase over the FY 2003 funding.

- Provides \$5.2 billion for Federal science and technology research at DOE. Request includes \$1.2 billion for the Hydrogen Fuel Initiative over a five-year period, which includes \$720 million in new funding to develop the technologies and infrastructure needed to produce, store, and distribute hydrogen fuel for use in fuel cell vehicles and electricity generation.

The bill also outlines the President's new approach to managing the Federal Government's R&D program. Each R&D initiative must satisfy the following criteria:

- *Relevance:* R&D programs must be able to articulate why the investment is important, relevant, and appropriate. This must include complete planning with clear goals and priorities, clearly articulated societal benefits, and the mechanisms used for reviewing and determining the relevance of proposed and existing programs.
- *Quality:* R&D programs must justify how funds will be allocated to ensure quality. Agencies must maximize quality through clearly stated, defensible methods for awarding a significant

majority of their funding. Programs must assess and report on the quality of current and past R&D.

- *Performance:* R&D programs must be able to monitor and document how well the investments are performing. This includes tracking and reporting annually on objectives and milestones for relevant programs, and defining appropriate measures of performance, output, and outcome.

Mr. Card presented an overview of budget initiatives in the \$1.32 billion carved out for the Office Energy Efficiency and Renewable Energy (EERE). The budget represents changes in the restructuring of EERE, which has eliminated several sectors and offices, reduced the number of programs from 31 to 11, eliminated several management levels, and centralized administration functions. The Under Secretary said of the new organizational structure, “This is the most dramatic restructuring of the Office of Energy Efficiency and Renewable Energy in at least a dozen years and arguably in its history.”

FY 2004 National Defense Authorization On February 12, Thomas E. White, Secretary of the Army and General Eric K. Shinseki, Army Chief of Staff testified before the Committee on Armed Services. In their remarks, the panelists described the provisions for the FY 2004 National Defense Authorization request. Testimony, in part, focused on continuing to fund the following programs and their successes.

- *Installation Management Agency (IMA)* – Provide equitable, efficient, and effective management of Army installations worldwide to support readiness; enable the well-being of soldiers, civilians and family members; improve infrastructure; and preserve the environment.
- *Barracks Upgrade Program (BUP)* – Facilitate upgrades in single soldiers’ housing conditions. Through FY 2002, the Army upgraded or funded-for-upgrade, 70 percent of permanent party barracks to soldier suites that consist of two single bedrooms with a shared bath and common area.
- *Residential Communities Initiative (RCI)* – Capitalize on commercial expertise and private capital to manage family housing. The Army's privatization program began with four pilot projects and will expand to 18 active projects by the end of FY 2003. Pending approval by the Office of the Secretary of Defense and Congress, 28 projects are planned through FY 2006, impacting over 72,000 housing units or 80 percent of Army Family Housing in the United States.
- *Base Realignment and Closure (BRAC)* program – Assist in reducing the Army’s financial burden and physical footprint by disposing of 34 percent of its facilities from a 1990 high of 116 billion square feet.
- *Utilities Privatization* – Helps improve base utility infrastructure by divesting the Army of non-core utility systems’ operation and maintenance. As of December 2002, 64 of the 351 systems in the program had been privatized, and an additional 104 are presently under negotiation.

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SENATE

Legislation

Comprehensive Energy Legislation Pete Domenici (R/NM), Chair of the Committee on Energy and Natural Resources revealed in a speech before the American Public Power Association, his plans for comprehensive energy legislation. The Chairman said:

Republican leadership in the Senate has made enacting energy legislation a priority for the 108th Congress. My goals for the Energy and Natural Resources Committee are to carefully evaluate current circumstances and potential solutions in order to develop a sound foundation for our energy future. One of the most challenging sectors in the energy industry that requires a great deal of our attention is the electricity sector.

These are very troubled times for the electricity sector. There are many challenges that affects the electricity sector these days. I want to focus our attention on two particularly difficult, related situations: (1) the distressed financial conditions in the market and (2) regulatory uncertainty.

Distressed Financial Conditions Restoring investment in the electricity sector is...necessary to restoring more strength to the economy...Capital access, however, is impeded by the unprecedented perception of risk associated with this sector.

Regulatory Uncertainty For regulatory certainty to exist, market participants must have a clear understanding of the structure and rules under which they must operate. Since the Energy Policy Act of 1992, there has been a trend towards more competition on the generation front and increased access to the interstate transmission grid.

You are all aware of how charged the issue of SMD [Standard Market Design] White Paper. I will work with my colleagues to carefully consider the merits of FERC's plan...Resolving the SMD issue will be an important step in improving regulatory certainty for the electric industry.

Environmental Regulatory Certainty We should develop a response to the challenge of climate change that encourages investments in cleaner energy technologies – not just in the U.S., but around the world. We can create more energy with fewer emissions, but will need advanced fossil, renewable, and nuclear technologies to do it.

Conclusion Will a comprehensive energy bill include an electricity title? It is an option. That is the only answer I can offer now...an Electricity Title will be carefully considered. The work done by the Conference last year offers a starting point. It does not necessarily reflect the possible conclusions to be drawn this year.

During a press conference last week, the Senator said he met privately with the President to discuss the economy. In their discussion, the President offered his support and that of the Vice President's to move an energy bill during this Congress. He said the two discussed several programs, including the President's \$1.2 billion hydrogen fuel initiative, drilling in the Arctic National Wildlife Reserve, and nuclear energy. The chair hopes to bring the bill to the Senate floor for debate by late spring or early summer. The goal of the House and Senate Republican leadership is to present the President with a bill before the traditional August recess.

Summary of Last Week's Hearings

FY 2004 Interior Appropriations On February 11, Secretary of the Interior Gale Norton testified before the Committee on Energy and Natural Resources. She provided details on the President's FY 2004 Budget Request of \$10.7 billion for the Department of the Interior. In her remarks she said this request is the "largest presidential request in the Department's history." "Conservation, renewable energy, and traditional energy sources all play an intertwined role in helping the Nation meet these [energy] needs. The budget supports the President's and the Department's goal for increasing domestic energy supplies

from a variety of sources, in an environmentally acceptable manner, with a special emphasis on developing renewable energy sources on Federal lands.”

The request includes the following provisions of interest:

- \$2.0 million for renewable energy program activities; the request represents an increase of \$850,000 over the FY 2003 budget to support the development of geothermal energy on public lands and increase wind and solar energy development.
- \$705.8 million for deferred maintenance at National Parks; this represents an increase of \$44.7 million (7 percent) over FY 2003.
- \$8.2 million for repair and rehabilitation programs at National Parks, including a \$2.6 million increase for comprehensive condition assessments.

FY 2004 Forest Service Appropriations On February 11, Dale Bosworth, Chief of the U.S. Forest Service testified before the Committee on Energy and Natural Resources. He provided the following details on the budget request for FY 2004:

- Permanently authorize the Recreation Fee Demonstration program (which is used to fund facility renovations and other projects on Federal lands)
- Authorize a Facilities Acquisition and Enhancement Fund

FY 2004 Transportation Appropriations On February 13, Deputy Secretary of Transportation Michael Jackson, testified before the Committee on the Budget outlining the President’s FY 2004 Budget Request of \$54.3 billion for the Department. In his remarks, he told the committee that the Administration places importance on activities that address national security; the request includes \$7.2 billion to strengthen and maintain safety on public transportation systems. In addition, the President has proposed retaining in the Highway Trust Fund a 2.5 cents per gallon tax (out of a total 13.1 cent tax) on gasohol; this tax is expected to result in approximately \$600,000 per year. In recent years, the 2.5 cent tax has been diverted to support the general fund.

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IV. NEW LEGISLATION

(Note: Once a new bill is introduced, the Government Printing Office generally requires from several days to one week to make the bill available in print)

HOUSE

| Number | Short title | Date | Sponsor | Status |
|--------------------------------|--|--|-----------------------|---|
| H.R. 653 | <i>Environmental Priorities Act of 2003</i> | February 7 | Robert Andrews (D/NJ) | Referred to the Committees on Energy and Commerce and Transportation and Infrastructure |
| Provisions of Interest: | | <ul style="list-style-type: none"> ➤ Establishes a Fund for Environmental Priorities in which monies acquired through consumer savings from retail electric choice will be used to carry out environmental projects under environmental priorities programs established by states. ➤ Establishes a National Environmental Priorities Board to carry out the functions and responsibilities of the Fund for Environmental Priorities. | | |

SENATE

There are no new bills of interest to report.

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V. ADMINISTRATION INITIATIVES

Climate Vision On February 12, Secretary of Energy Spencer Abraham announced the President's new climate change initiative – Climate VISION (Voluntary Innovative Sector Initiatives: Opportunities Now). The purpose of the new initiative is to establish a voluntary public-private sector program designed to reduce greenhouse gas emissions. This initiative is in response to the President's February 2001 announcement to pursue a long-term “strategy” to reduce emissions by 18 percent over the next 10 years. In his remarks, Secretary Spencer said:

We look forward to working closely with American industry and other sectors in fulfilling commitments to reduce greenhouse gas emissions from a growing and productive US economy. Together, the participants in Climate VISION will bring forward their best efforts, best ideas, technologies and industrial processes to reduce, avoid and sequester greenhouse gas emission.

At the press conference, Secretary Spencer was joined by Secretary of Agriculture Ann Veneman, Environmental Protection Agency Administrator Christine Whitman, and Department of Transportation Deputy Secretary Michael Jackson as well as a number of major industry and utility associations.

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VI. HEARINGS SCHEDULE

HOUSE – COMMITTEE ON APPROPRIATIONS

There are no hearings of interest to report.

HOUSE – AUTHORIZATIONS/OVERSIGHT

There are no hearings of interest to report.

SENATE – COMMITTEE ON APPROPRIATIONS

There are no hearings of interest to report.

SENATE – AUTHORIZATIONS/OVERSIGHT

| Date/Committee | Chair | Hearing Title/Issues | Witnesses | Time/Location |
|---|-------------------------|--|---|--|
| February 25 – Committee on Energy and Natural Resources | Pete Dominici (R/NM) | Hearing – President's FY 2004 Budget Request for the Department of Energy | Spencer Abraham, Secretary of the Department of Energy | 10:00 a.m. Room 366 Dirksen Office Building |
| February 27 – Committee on Energy and Natural Resources | Pete Dominici (R/NM) | Hearing – Natural Gas Supply and Prices | TBA | 2:30 p.m. Room 366 Dirksen Office Building |
| February 27 – Committee on Energy and Natural Resources | Pete Dominici (R/NM) | Hearing – Energy Production on Federal Lands | TBA | 10:00 a.m. Room 366 Dirksen Office Building |
| March 6 – Committee on Energy and Natural Resources | Pete Dominici (R/NM) | Hearing – Energy Use in the Transportation Sector | TBA | 10:00 a.m. Room 216 Hart Office Building |
| March 11 – Committee on Energy and Natural Resources | Pete Dominici (R/NM) | Hearing – Federal Programs for Energy Efficiency and Conservation | TBA | Time TBA Room 366 Dirksen Office Building |

CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

No new activities of interest have been scheduled.

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